

Our hearing last week raised important national security and proliferation issues, and I commend Senator THOMPSON and Senator LIEBERMAN, the ranking member of the Governmental Affairs Committee, for their leadership.

#### CBO COST ESTIMATE OF S. 1287

Mr. MURKOWSKI. Mr. President, in compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee on Energy and Natural Resources has obtained a letter from the Congressional Budget Office containing an estimate of the costs of S. 1287, the Nuclear Waste Policy Amendments Act of 1999, as reported from the Committee. In addition, pursuant to Public Law 104-4, the letter contains the opinion of the Congressional Budget Office regarding whether the S. 1287 contains intergovernmental mandates as defined in that Act. I ask unanimous consent that the opinion of the Congressional Budget Office be printed in the RECORD.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, June 14, 1999.

Hon. FRANK H. MURKOWSKI,  
Chairman, Committee on Energy and Natural  
Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Nuclear Waste Policy Amendments Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kim Cawley (for federal costs), who can be reached at 226-2860, and Marjorie Miller (for state and local impact), who can be reached at 225-3220.

Sincerely,

DAN L. CRIPPEN.

Enclosure.

Summary: This bill would amend the Nuclear Waste Policy Act by directing the Department of Energy (DOE) to make a final decision by December 31, 2001, whether to recommend to the President that the Yucca Mountain site in Nevada be developed as a permanent waste repository. The bill would, under certain conditions, provide for storage of waste at Yucca Mountain before a permanent repository is completed, and would allow DOE to enter into agreements with nuclear utilities to assume responsibility for some waste at a utility's current storage site. In addition, the bill would authorize training programs and grants to states to prepare for transshipment of nuclear waste, and it would authorize the establishment of an Office of Spent Fuel Research in DOE.

Assuming appropriation of the necessary amounts, CBO estimates that implementing this legislation would cost about \$1.9 billion over the 2000-2004 period to continue DOE's efforts to characterize the Yucca Mountain site and submit a license application to the Nuclear Regulatory Commission (NRC). Enacting this bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

The state of Nevada and localities in the state would incur some additional costs as a result of this bill, but CBO is unsure whether the provisions causing those costs would be considered intergovernmental mandates, as defined in the Unfunded Mandates Reform

Act (UMRA). We estimate that the costs incurred by state and local governments would total significantly less than the threshold established in the law (\$50 million in 1996, adjusted annually for inflation). This bill contains no new private-sector mandates as defined in UMRA.

Estimated cost to the Federal Government: The estimated budgetary impact of this bill is shown in the following table. The costs of this legislation fall within budget functions 270 and 050 (energy and defense).

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
Spending on Nuclear Waste Disposal Under Current Law:						
Budget Authority <sup>1</sup>	358	0	0	0	0	0
Estimated Outlays	324	55	0	0	0	0
Proposed Changes:						
Estimated Authorization Level	0	390	365	340	430	455
Estimated Outlays	0	312	370	345	412	450
Spending on Nuclear Waste Disposal Under the Bill:						
Estimated Authorization Level <sup>1</sup>	358	390	365	340	430	455
Estimated Outlays	324	367	370	345	412	450

<sup>1</sup> The 1999 level is the amount appropriated for that year.

Basis of estimate: This estimate is based on DOE's current plan for the nuclear waste program, issued in July 1998. For purposes of this estimate, CBO assumes the bill will be enacted before the end of fiscal year 1999. We assume DOE will apply to the NRC for authorization to build a permanent repository at the Yucca Mountain site by March 31, 2002, so that the NRC may decide whether to authorize construction by December 31, 2006, as directed by section 101 of this bill.

Yucca Mountain. This legislation would authorize DOE to proceed with its Civilian Radioactive Waste Management Program plan of July 1998. This plan calls for continuing to evaluate the Yucca Mountain site as a permanent repository for nuclear waste and applying for a construction license from the NRC in 2002, if the site appears to be viable for this use. Based on information from DOE, CBO estimates that this effort would require appropriations averaging nearly \$400 million annually and totaling about \$2 billion over the 2000-2004 period. Substantial additional costs would be incurred after 2004 to construct and operate a nuclear waste repository at Yucca Mountain if the NRC issues a license to the department. In its December 1998 report, Analysis of the Total System Life Cycle Cost of the Civilian Radioactive Waste Management Program, DOE estimates the future cost to complete the program is "approximately \$26.6 billion, in constant 1998 dollars from 1999 through closure and decommissioning, assumed to be in 2116."

Backup storage. Section 102 would direct DOE to take title to any amounts of nuclear waste that the NRC determines cannot be stored at a utility's site, provided that such a utility would agree to waive any claim for damages against the United States because of DOE's failure to begin disposing of waste in 1998. DOE would be directed to transport this waste to the Yucca Mountain site following NRC authorization to construct a permanent repository there, or to transport it to a privately run facility for nuclear waste storage. DOE could incur additional discretionary costs for building waste storage capacity at the Yucca Mountain site before the facility opened or transporting waste to a private storage facility (if any private facilities are constructed), if any utilities require backup storage.

This cost estimate does not include any potential costs for backup storage, however, because it is not clear that there will be any demand for backup storage. Thus, there may not be a need for additional DOE spending

over 2003-2006 period. In addition, it is uncertain whether or not the NRC will authorize construction of a repository at the Yucca Mountain site in 2006. This authorization would be required before backup storage could be provided since it appears unlikely that any privately owned waste storage facilities will be developed over the next few years. If DOE were required to prepare the Yucca Mountain site for backup storage, additional costs could be substantial. Based on information from DOE, we estimated such costs could approach \$1 billion over the 2003-2006 period, subject to the availability of appropriated funds.

Settlement agreements. Section 105 would allow DOE to enter into settlement agreements with any utilities that were scheduled to have nuclear waste removed from their sites by DOE starting on January 31, 1998. If a utility waives any claim for damages against the United States because of DOE's failure to begin disposing of waste in 1998, then the department may take title to the utility's waste, provide waste storage casks to the utility, operate an existing dry cask storage facility for the utility, or compensate the utility for the cost of providing storage for this waste at the utility's site. The bill would restrict DOE from making expenditures from the Nuclear Waste Fund to pay for any settlement costs that would not otherwise be incurred under the existing contracts for nuclear waste disposal between DOE and nuclear utilities.

This estimate does not include any additional discretionary costs for settlement agreements that may be entered into between DOE and nuclear utilities as a result of enacting this bill. Under current law, and consistent with the standard contract for nuclear waste disposal between the department and the nuclear utilities, these parties may agree to reduce the annual nuclear waste fee (referred to as "fee credits") paid to the government by the utilities in the event of an avoidable delay in the schedule for disposing of waste. CBO has assumed that DOE and those utilities that have experienced an avoidable delay in the disposal of their waste will choose to invoke this provision of their contracts and that the mandatory nuclear waste fee will be reduced by a total of about \$400 million over the 2000-2009 period to compensate these utilities for the incremental cost of continued waste storage at their sites of 10,000 metric tons of waste.

If nuclear utilities choose to enter into settlement agreements with DOE following enactment of this bill, it is possible that DOE would agree to provide compensation greater than or less than the amount CBO has assumed under current law. It is also possible that DOE would choose to use appropriated funds to provide compensation instead of fee credits as we have assumed. In this case, the discretionary costs of this legislation would be higher than we have estimated here, and nuclear waste fee collections would be greater than the amount we have estimated. CBO cannot predict whether or not utilities would choose to enter into settlement agreements under the terms defined in this bill, nor whether DOE would use fee credits or appropriated funds to implement any settlement agreements.

Pay-as-you-go considerations: None.

Estimated impact on state, local, and tribal governments: Mandates. CBO is unsure whether the bill contains intergovernmental mandates, as defined in UMRA, but we estimated that costs incurred by state, local, and tribal governments as a result of the bill would total significantly less than the threshold established in the law (\$50 million in 1996, adjusted annually for inflation).

Although this bill would, by itself, establish no new enforceable duties on state,

local, or tribal governments, shipments on nuclear waste for surface storage at the Yucca Mountain site, as authorized by the bill, probably would increase the cost to the state of Nevada of complying with existing federal requirements. CBO cannot determine whether these costs would be considered the direct costs of a mandate as defined by UMRA.

Additional spending by the state would support a number of activities, including emergency communications, emergency response planning and training, inspections, and escort of waste shipments. These costs are similar to those that the state would eventually incur under current law as a result of the permanent repository planned for Yucca Mountain. This bill would, however, authorize DOE to receive and store waste at Yucca Mountain once the NRC has authorized construction of a repository at that site and would set a deadline of December 31, 2006, for NRC to make that decision. This date is about three years earlier than DOE expects to begin receiving material at the site under current law.

Other impacts. This bill would authorize planning grants of at least \$150,000 for each state and Indian tribe through whose jurisdiction radioactive waste would be transported and annual implementation grants for those states and tribes after they have completed their plans. Further, the bill would prohibit shipments through the jurisdiction of any state or tribe that has not received technical assistance and funds for at least three years.

Estimated impact on the private sector: This bill contains no new private-sector mandates as defined in UMRA.

Previous CBO estimate: On May 4, 1999, CBO prepared a cost estimate for H.R. 45, the Nuclear Waste Policy Act of 1999, as ordered reported by the House Committee on Commerce on April 21, 1999. The provisions of the bill ordered reported by the Senate Committee on Energy and Natural Resources and H.R. 45 are different and the two cost estimates reflect those differences. In particular, H.R. 45 would authorize construction of an interim repository at the Yucca Mountain site, while the Senate bill does not contain any similar provision. In contrast to H.R. 45, the Senate bill contains provisions relating to settlement agreements between DOE and nuclear utilities and to backup storage.

Estimate prepared by: Federal costs: Kim Cawley (226-2860); Impact on State, local, and tribal governments: Majorie Miller (225-3220).

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

#### ASIAN ECONOMIC AND SECURITY POLICY

Mr. BAUCUS. Mr. President, when we look at Asia these days, Americans' primary focus is on China and the many difficult challenges that we face in that relationship. Next on our list of what we are watching in the region is Japan where our economic and security relationship remains the linchpin of our presence in Asia. These days, however, Japan seems to get scant attention from either the public or the policymaking community. That is a mistake, but I will leave that issue to another day.

After Japan in our focus comes the Korean Peninsula where we are concerned particularly about North Korea and its nuclear weapons development,

missile technology, military adventurism, possible economic collapse, and internal instability. As we continue down the list of important things to think about in Asia, we come to Indonesia and the future of economic and political reform and internal stability in that hugely important nation.

Some may differ with my analysis, but it appears to me that, right or wrong, these days, our nation is looking at Asia in this way.

Today, however, I would like to call the Senate's attention to two important developments in other countries in Asia, specifically Southeast Asia, that are not on this list. These developments have been reported in our media, but, generally, on the back pages. They should not be ignored, because they relate to America's broad strategy toward the region where our interests are in security, stability, and open markets.

The two developments are the passage by the Philippine Senate of a U.S.-Philippine Visiting Forces Agreement and the progress being made toward completion of a U.S.-Vietnam trade agreement.

After a decade of stable democracy and economic reform, the Philippines may be the strongest economy in Southeast Asia after Singapore. Security ties, however, have remained at a very low level since the end of the base arrangement in 1991. This changed dramatically two weeks ago when the Philippine Senate ratified the new Visiting Forces Agreement.

This arrangement, typical of the relationship we have with many of our allies, allows us to apply U.S. military law to American soldiers and sailors overseas. Its ratification will permit us to renew joint military exercises, pay naval port visits, and develop a stronger and more cooperative relationship than we have had in the decade since we left Subic Bay and Clark Field. President Estrada and the Philippine Senate deserve great credit for their statesmanship in bringing these talks to conclusion.

The Visiting Forces Agreement also comes at an opportune time. Disputes between Southeast Asian states and China in the South China Sea are becoming more frequent. The financial crisis has forced most Southeast Asian nations to concentrate on internal economic issues. This agreement should give Southeast Asian countries more confidence in the U.S. commitment to the region, and, hence, serve as a long-term force for stability.

In the case of Vietnam, we appear to be getting close to a bilateral trade agreement, which will promote economic reform in Vietnam and allow us to grant them Normal Trade Relations status, NTR.

Vietnam, the fourth largest country in Asia and one that shares a land border with China, is an essential part of any regional policy. We have obvious historic sensitivities to address as we develop closer relations with Vietnam.

We have taken a number of steps in the past few years—lifting the trade embargo, normalizing diplomatic relations, dispatching Pete Peterson as Ambassador, and concluding a Copyright Agreement, all in association with a commitment by Vietnam for full cooperation on resolving POW/MIA issues. As time passes, a normal and productive relationship with Vietnam will contribute immensely to stability and security in the southern Pacific.

We are now negotiating an agreement that would begin to open the Vietnamese market to foreign trade and investment. This will support economic reform and market opening in Vietnam while also creating new commercial opportunities for Americans in a market of 80 million people. The strategic implications of this agreement, which will move us down the road to a normal bilateral relationship with Vietnam, are important. It will strengthen Southeast Asia, reduce chances for conflicts in the wider Asian region, and place the United States in a stronger regional position.

Of course, an agreement must be meaningful in trade policy terms. It is not a WTO accession and, therefore, need not meet WTO standards, but it should include elements such as reform of trading rights and opening of key service sectors, in addition to other market-opening steps. For our part, if the Vietnamese are willing to conclude such an agreement, we should proceed rapidly to grant them Normal Trade Relations. This is in our trade and commercial interest, and also in our strategic interest. We have an opportunity to integrate Vietnam more fully into the Asian and world economies. I encourage our Administration, and the Vietnamese government, to complete the Commercial Agreement expeditiously.

We should, parenthetically, also proceed to Normal Trade Relations with Laos, where a trade agreement has already been completed.

The Philippine Visiting Forces Agreement and the bilateral trade agreement with Vietnam, once completed, mean we have taken additional steps toward creating a post-Cold War framework involving open trade and security relationships in the Pacific. This is very much in our national interest.

#### CHEMICAL WEAPONS CONVENTION

Mr. AKAKA. Mr. President, as the ranking member of the Subcommittee on International Security, Proliferation and Federal Services, I want to stress the importance of the United States implementing in a timely manner the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction, commonly referred to as the Chemical Weapons Convention (CWC).

The Convention is an important multilateral agreement that serves to reduce the threat posed by chemical